

Week of January 22, 2018

**HEADLINES**

**Finance Committee Movement**

This week, the House Finance Committee met to consider House Bills 994 and 1098. PSTAP’s amendment to HB 1098 was adopted unanimously and HB 1098 was reported from committee. It received first consideration on the House floor on Tuesday and will need two more readings before going to the Senate. A full summary of the committee meeting can be found [HERE.](https://drive.google.com/open?id=1MSANsdB9q_2dJqRBhbVmYy7NKpFu_3H8) This week, Representatives Matt Gabler and Lee James resigned from the House Finance Committee. Representatives Eric Roe (R- Chester) and Frank Ryan (R- Lebanon) were elected to the committee in their place.

**Co-SPONSOR Memos**

Senator Michele Brooks circulated co-sponsorship memorandum for legislation regarding the corporate net income tax to allow C-corporations doing business in Pennsylvania to follow the federal change which allows for temporary 100% expensing for certain business assets. This memo is in response to the Corporation Tax Bulletin 2017-02. Sen. Brooks states in her co-sponsor memo that the bulletin denies businesses the ability to claim depreciation deductions indefinitely.

Representative Nick Miccarelli circulated co-sponsorship memorandum for legislation which he hopes would ensure high school students understand the concepts of personal finance before graduation and before they are legally responsible for incurring debt. The legislation would require the department of education to create academic standards in personal finance to be taught from kindergarten through 12th grade in all public schools. The legislation would create an office of Financial Education within the Department of Education that will work with schools, the Department of Treasury and private-sector stakeholders to create a curriculum.

Senators Bob Mensch and Wayne Fontana circulated co-sponsorship memorandum for legislation creating first-time homebuyers savings accounts in Pennsylvania. If passed, this legislation would allow first-time homebuyers to deposit money into a savings account, where it would go for the exclusive purpose of purchasing a first home, and the money could be deducted from their state income tax.

**Property Tax/Rent Rebate Program Applications Now Available**

Application forms for the Property Tax/Rent Rebate Program are now available for eligible Pennsylvanians to begin claiming rebates on property taxes or rent paid in 2017, Revenue Secretary Dan Hassell announced this week. The deadline to apply for a rebate is June 30, 2018. Applicants may obtain Property Tax/Rent Rebate claim forms (PA-1000) and related information on [the Department of Revenue’s website](http://email.prnewswire.com/wf/click?upn=4hbKUWNtZvEUUpW81bJsgikyN0JB07Jo6ndtM4DmZmIWLd9TgPFfI0FEUePSjleMtdX8Ucm-2FO8abZIFDeLC0AvqNgSBEYbcduebRLgv6A78sdm-2ByvwwzQJYGaVF9v9zbf0WLSIra547Z-2BBp-2F-2FcTtfIt0FKZIceAXM7w6d7FvwUlpAaxbD0otH-2BYFdy-2BgA7c8Hg0IUK-2B2ziW-2BuEEhW4z0UnnbTdlXmyAC5OR-2BigmOiLhmurp-2FD2-2BOfht2IYTo4oSPLrxHGlUuXdjHVNR7yXp0fw-3D-3D_kQ5-2BQ62yfqP-2BV9sshaTUjqLEUY3i9xQ9FfGfbq8mYfuUd2tbaQrr5cy-2Bd-2BKjDUzMLzxqabHJ7RmguMjweZr-2Fk9GWzY2rlmMZqxWHcWfUFVOp-2Byrk0qd7rbxXhtC1ovLXLShYouegREtLZQYpB3Y6niAuFV4OzbRqW2qB6cJMBddtOaHOdVGN3efv3LVHEzpYvexAgvH-2FGYSnep0-2BW8PR0EigpqZM6G81ty8m-2Fpiw1kM96qbbyV4huLPHgqrtmW4JB2r30OzgsLVSK-2FoRjKOiCCf2IlVK4EeiDYn92ENGLiW0cMl326pmaP-2Fl1xi2jfHQ) or by calling 1-888-222-9190. It is free to apply for a rebate, and free filing help is available at hundreds of locations across the commonwealth, including at Department of Revenue district offices, local Area Agencies on Aging, senior community centers and state legislators’ offices. Claimants must reapply for rebates every year because rebates are based on annual income and property taxes or rent paid in each year. Rebates will be distributed beginning July 1, as required by law.

**Pa. Revenue Dept. computer glitch impacts processing of $15.3 million in business tax refunds**

A glitch in the state Department of Revenue computer system impacted the distribution of $15.3 million in tax refunds owed to about 700 businesses across the state. The amount of each tax refund ranged between $2.94 and $1 million, with about 41 percent of them being $1,000 or less, according to department spokesman Jeffrey Johnson. But 77 of those businesses waited so long for their refund that they qualified to be paid a cumulative total of $5,000 in interest from the state, he said. According to law, the department has 75 days from the time a sales tax refund is requested for it to be processed and 60 days if the refund is a result of a tax assessment appeal. Any longer than that, the taxpayer is eligible to be paid interest. The state pays a 4 percent per day interest rate for delayed processing of personal income tax and employer withholding refunds and 2 percent per day for all other taxes. The error was discovered in mid-November by Treasury employees during its pre-payment audit review. Revenue employees created a fix for the issue and implemented it in early January.

**TREASURER TORSELLA UNVEILS NEW STUDY**

PA Treasury released the findings of an independent study it commissioned to evaluate the impact that insufficient retirement savings will have on the Commonwealth. The study—undertaken by Econsult Solutions, Inc.—is the first of its kind to quantify the fiscal and economic costs of insufficient savings, in the form of increased state public assistance costs and reduced tax revenue, household spending, and jobs. The study was released as Pennsylvania Treasurer Joe Torsella convened the third hearing of Treasury’s Task Force on Private Sector Retirement Security. The study determined that the commonwealth spent an estimated $702 million in public assistance costs and lost about $70 million in tax revenue in 2015 due to insufficient retirement savings by Pennsylvania residents.  These amounts are projected to grow to $1.1 billion in extra public assistance costs and $106 million in lost revenue in 2030, for a total of $14.3 billion by 2030.

**PA House, Wolf administration seek to clear the air on special funds**

The House Appropriations Committee this week continued its slate of hearings with Wolf administration agency heads to delve deeper into what special funds various agencies have, how much is in the funds, what the funds are used for, and whether the special funds in question can be utilized to fill gaps in state revenue. The debate over special funds in various state agencies goes back years, but became especially heated during the most recent revenue-related state budget impasse that plagued state lawmakers for months as they worked to craft a balanced budget for FY 2017-2018 that also dealt with a $1.5 billion deficit leftover from FY 2016-2017. According to House Appropriations Committee Majority Chairman Stan Saylor (R-York), the hearings exclusively focused on special funds within the agencies called before the committee are part of a necessary investigative act by the committee in the face of questions surrounding the special funds raised during the debate over them in the last budget cycle. The hearings this past week focused on funds within the Department of Community and Economic Development, the Department of Conservation and Natural Resources, and the Department of Environmental Protection. It’s unclear how much special funds will ultimately play a role in the balancing of the current and coming budgets.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2018 SENATE SESSION SCHEDULE**

January          29, 30, 31

February         5, 6, 7

March             19, 20, 21, 26, 27, 28

April               16, 17, 18, 23, 24, 25, 30

May                1, 2, 21, 22, 23

June               4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26, 27, 28, 29

**2018 HOUSE SESSION SCHEDULE**

February         5, 6, 7

March             12, 13, 14

April               9, 10, 11, 16, 17, 18, 30

May                1, 2, 22, 23

June                4, 5, 6, 11, 12, 13, 18, 19, 20, 21, 25, 26, 27, 28, 29, 30

**UPCOMING COMMITTEE MEETINGS AND HEARINGS**

[**House Democratic Policy Committee**](http://www.ctbpls.com/htbin/web_com.com?Comnam=104&Session=17R)**(PUBLIC HEARING)**  
**TUESDAY - 1/30/18**  
**2:00 p.m., West Goshen Township Building, Board Room, 1025 Paoli Pike,**  
**West Chester**

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|  | Public hearing with Rep. Carolyn Comitta on Family Childcare Tax Deduction Legislation |

[**House Appropriations**](http://www.ctbpls.com/htbin/web_com.com?Comnam=011&Session=17R)**(BUDGET HEARING)**  
**TUESDAY - 2/20/18**  
**1:00 p.m., Room 140 Main Capitol**

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|  | Budget Hearing - Department of Revenue (Including Lottery) |

[**Senate Appropriations**](http://www.ctbpls.com/htbin/web_com.com?Comnam=060&Session=17R)**(BUDGET HEARING)**  
**MONDAY - 3/5/18**  
**1:00 p.m., Hearing Room 1, North Office Building**

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|  | Budget Hearing - Department of Revenue/Lottery |

**DEPARTMENT OF REVENUE UPDATE**

**Pennsylvania Tax Filing Season Opens for Tax Year 2017**

​​Pennsylvania’s tax filing season opened Monday and Revenue Secretary Dan Hassell is reminding residents they can electronically file their personal income tax returns. The filing deadline to submit 2017 tax returns is April 17, 2018. Tax returns that are filed electronically are processed faster, leading to taxpayers receiving their refunds sooner. Pennsylvanians can get a jump-start on filing their state taxes by using the following paper-less e-filing options: Padirectfile, e-filing for free and e-filing for a fee. All taxpayers who received more than $33 in total gross taxable income in calendar year 2017 must file a Pennsylvania personal income tax return by midnight, Tuesday, April 17, 2018. The deadline is extended this year due to Emancipation Day, a holiday in Washington, D.C., observed on Monday, April 16, which pushes the federal and state filing deadlines to April 17. Pennsylvanians who use tax preparation software are reminded that the Internal Revenue Service will not open its tax filing season until Jan. 29, 2018. As a result, those using tax preparation software to file their federal and state returns should know that their state returns will not be processed until the IRS opens its filing season.Taxpayers are reminded to provide their complete Social Security numbers when filing a return to avoid a delay in processing a return and refund. The department protects the confidentiality of the information. When filing a joint return with a spouse, the Social Security numbers of both individuals should be included.

Personal income tax assistance is available through the department’s [Online Customer Service Center](https://revenue-pa.custhelp.com/) and by calling 717-787-8201 between 7:30 a.m. and 5 p.m., Monday through Friday. Taxpayers may also visit a Revenue district office, listed in the government pages of local phone directories, for basic state personal income tax filing assistance. Assistance at district offices is available from 9 a.m. to 5 p.m., Monday through Friday, and taxpayers are encouraged to bring their Social Security cards with them to facilitate tax filing. Taxpayers can check the status of their refunds online by visiting the department’s website and selecting the [Where’s My Personal Income Tax Refund?](https://www.doreservices.state.pa.us/Individual/RefundDefault.htm) link on the department’s homepage; or by call 1-888-PATAXES to find out the status of your refund. Free tax forms and instructions are available at [www.revenue.pa.gov](http://www.revenue.pa.gov/Pages/default.aspx).